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THE LAND PROBLEM AND RURAL WELFARE

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When sixty or more years ago, advocates of homestead legislation believed that "Uncle Sam is rich enough to give us all a farm," there was little thought that, as age of nations goes, the time was already at hand when the United States would have her land problem in common with other nations, both past and present. Then the land problem was one of getting unexploited land into private hands at little or no cost. So rapidly has the change come that now the problem is one of getting land into operator's hands at any cost. The rumblings of discontent began during the seventies of the past century when Henry George wrote his *Progress and Poverty*. It was continued during the nineties with the populist movement and the demand for free coinage of silver. Changes in production of gold and the rise in prices of farm produce at a time when tenantry had not yet become a national problem quieted for a time the discontent of the farm-owning population. But the shift of farm owners to the villages and the substitution of a tenant class in the more wealthy general farming sections has brought to the front the old discontent in another form and from another group. The landowner is satisfied with the changes taking place. But the successors of the group that during the forties and fifties clamored for free land on which to get a start comparable to that of their predecessors in the older sections of the country, now are demanding that means be devised whereby they, too, may secure a foothold on the land they operate without having to pay a tribute to the descendants of those who arrived on the ground first and who now live in urban communities. The swell of discontent underlying the present demand for rural credit is fundamentally based on the land question. Sooner or later, the real problem will be recognized and then the state must face the task of controlling or solving that problem in the interest of the common good without regard to vested interests or privilege which may have resulted from traditional influence or social change.

The land problem may be considered from several points of view, among the most important of which are security of title, methods and costs of transfer, permanency of holdings, size of holdings, and the relation of ownership to the operation of the land. It is

the purpose of this paper to consider especially certain aspects of the last two of these, that is, the size of holdings and the relation of ownership to operation.

Centralization of ownership of farm real estate appears to be quite marked in certain sections of the country. A recent bulletin from the University of Texas makes the statement that "Half of the farm lands of Texas are included in 2.7 per cent of the farms."¹ Another writer whose works have been widely read mentions the fact that the Texas Land Syndicate No. 3 owns 3,000,000 acres in Texas. The British Land Company owns 300,000 acres in Kansas, besides tracts in other states. The Duke of Sutherland owns hundreds of thousands, and Sir Edward Reid controls 1,000,000 acres in Florida. Another syndicate controls 2,000,000 acres in Mississippi.² Many other similar statements could be given.

The evidence from the records of the United States Census is that these extremely large holdings in areas of general farming are survivals of an earlier period rather than a recent development. During the past decade the size of farms decreased in every division of the United States except in the East North Central and West North Central, and in these divisions the tendency appears to have been in the direction of increase of medium-sized farms rather than of increase in extremely large holdings. The investigations of students of farm management appear to support the belief that the size of farms in America tends to adapt itself to the type of agriculture followed. With the exception of the semi-arid sections of the West, where dry farming is practiced, economic influences tend toward the increase in the number of medium-sized or small holdings. Accordingly, as the transition from extensive to intensive agriculture is continued throughout the United States, the danger of centralization of ownership should become less.

The suggestion has been made that even though individual farms may become smaller, there may be a tendency toward centralization of ownership through purchase of farms widely scattered over a given area. Inquiry of county officials in several parts of the state of Ohio leads to the conclusion that, so far as this part of the country is concerned, no such tendency exists as yet to any marked degree. Consequently, the belief may be accepted that, in ordinary agricultural areas, the problem of size of

¹ University of Texas, *Bulletin* 39, 1915, p. 148.

² George, *Menace of Privilege*, p. 36.

holdings presents no serious menace, except in those areas where such holdings are a survival of an earlier period.

Investigations made by the United States Bureau of Corporations and other agencies indicate a much more serious problem when centralization of ownership of timber, mineral, or water-power resources is concerned. Without going into detail in regard to centralization of ownership of these resources, it is sufficient to suggest that, if a policy of nationalization is adopted for any natural resources, it is justifiable in the case of those which tend to become monopolistic and which appear to be capable of most economic development on a large scale.

Since the facts indicate that, with the exception of timber, mineral, or water-power lands, there is no apparent tendency toward large centralization of ownership of land in the United States; since the results of investigations made by students of farm management lead to the conclusion that the tendency in size of farms is toward the medium-sized or small holding; and since the farm labor situation in the country is such that holdings even smaller than those believed by farm-management students to be most economically efficient will result,—the conclusion is that the real land question is one of ownership in relation to the economic welfare of the people who actually live on the farm.

It is not within the scope of the present paper to consider the tendencies as to increase or decrease in tenantry. This subject has already been carefully studied by others and the facts well presented. The problem now to be considered is the effect of tenantry on the economic and social welfare of the population that actually lives in the country, and the resulting effect on the national welfare.

In approaching the problem, however, it should be recalled that in a large part of the United States the percentage of tenantry is still very low. During the past decade, tenantry actually decreased in twenty of the states and in seventeen of them the percentage of tenantry in 1910 was still under twenty. In the South, where, so far as percentage of tenantry is concerned, the problem is most serious, the apparent increase is thought to be rather an indication of the rise of the colored population to a position of relatively higher independence than an evidence of deterioration. The serious problem presents itself in the great Central Valley, the region of diversified farming, where, though as yet many of the states show a relatively low percentage of tenantry, the increase

is continuous and appears to be based on causes upon which no legislation or other factors have as yet had any influence.

This steady, even though not rapid, increase in tenantry in the East and North Central divisions, particularly in those parts of the territory where land values are highest, indicates the approach of problems most serious for those who will in future actually live on the farms. This increase is occurring in a section of the country already fairly well established in its agricultural methods; and represents the coming of a permanent tenantry and absentee landlordism in the richest and most productive agricultural section of the Union. It foreshadows the coming of social and economic problems in which every statesman should take a deep and abiding interest if America is to be kept free from some of the serious problems which have presented themselves to other countries both in the present and in the past.

It has been contended by some optimistic writers that the nominal increase in tenantry is more apparent than real; and that it represents merely an increase in the number of young men who are renting farms as a preliminary to buying. Recent investigations, however, though limited in scope, indicate that in the more established sections the average age of the tenant class is rising and that from year to year fewer men are crossing the border from tenantry to ownership. According to data supplied by the United States Census for one of the older counties in the state of Ohio, it is shown that over 65 per cent of the tenants were thirty-five years of age or over. Over 35 per cent of them were over forty-five years of age. A study recently made in Iowa indicates that the results for Ohio are typical of other sections of the North Central division. There, it is reported, "The age of ownership is about six years later in life than it was twenty-five years ago. Farmers now make their first payment on land at the age of thirty-four, while formerly ownership was obtained at twenty-eight years of age."³

Since the fact of increase in tenantry is well established, and since most types of agriculture in the United States appear to be adapted to such increase, an appreciation of the significance of that increase is of the utmost importance. In the study of land tenure in Iowa, mentioned above, the author arrives at the conclusion that increase in tenantry may be coincident with a marked increase in wealth on the part of the tenant class. The author

³ Lloyd, "Farm Leases in Iowa," *Iowa Exp. Sta. Bulletin* 159, p. 171.

makes the statement that "The prosperity of the farmer is better measured in terms of the wealth he accumulates than in the kind of tenure he follows."

Immediate results should not blind us to what the ultimate effects will be, since it is these ultimate effects which will be of the greatest social and economic significance. The separation of ownership from the operation of farms involves a division of the total income from the land. The rise in land values, regardless of the fact that farm income investigators show the immediate effect to be a comparatively larger return to tenants than owners, can only mean that ultimately the share of the income that goes to the landlord will increase through rising rents or will become a permanent burden on the land through the price paid for it by the purchaser. The effect in either case is to give to the landlord an increasing and permanent share in what the land produces and to give either to the tenant or to the future purchaser an income which appears to correspond closely to what skilled labor receives in the cities. So long as land ownership does not give to the owner in America a social status as it does in some foreign countries, the tendency will be for prospective owners to purchase land either at a price which will yield a rent return corresponding to interest rates on investments elsewhere or for a return due to the speculative increase in the value of the land. The outlook for the tenant in America is not encouraging so far as incomes are concerned, even though for the time being they are apparently the principal recipients of the benefits of increases of prices of food products. The advantages due to the farm operator that result from the present tendency toward adjustment of wealth distribution between rural and urban communities, tend to go, not to the farmer, but to the farm owner, who may live in the neighboring village or in the city; and the hoped-for increase in economic welfare of the man with the hoe, upon which depends those material comforts which the farming population has so long lacked and which are recognized as the essential foundation of a satisfying standard of living, sufficient to make farm life attractive, is tending to miss the man who deserves it and to pass on to the urban resident. Thus the building of a sound economic foundation for a wholesome rural civilization is being prevented by the increase in tenantry.

Considerable concrete evidence as to the effects of tenantry upon the fertility of the soil and upon farm management is already available. A recent writer in the *Breeders' Gazette* has

pointed out that the Chicago market has for the past ten years shown a steady decrease in the percentage of cars of corn received grading No. 2 or over and a steady increase in the percentage grading No. 3, or under.⁴ A tabulation of farm-management studies in four typical counties in Ohio reveals the fact that for owner-operated farms 75.4 cents per crop acre was spent for fertilizer while for tenant-operated farms the amount was but 54.4 cents. In view of the fact that another tabulation from the same source shows that owner farms had 10.5 cattle units and 18.5 hog units per hundred acres while tenant farms showed but 6.4 cattle units and 13.5 hog units, the conclusion is inevitable that both from the point of view of preserving the fertility of the soil and of the most efficient farm management, the advance of tenantry is disastrous.

In traveling through the various sections of the upper Mississippi Valley one is impressed on every hand with the evidences of prosperity in the open country. The large, well-kept residences, lawns, good barns and other buildings lead one to believe that, after all, there is little to fear from the changes in tenure which the census records show. But a closer view of the subject does not give so attractive a picture. It is a matter of common knowledge that in many of these prosperous communities homes that were once the pride of owner-operators have begun to show the effects of tenant occupancy and the evidence is that the future will show these effects much more vividly than they can be observed at the present time. A study of rural housing made by one of the students of the rural economics department of Ohio State University, through personal visitation and through coöperation of fellow students, revealed a most marked difference in the housing conveniences enjoyed by owners and by tenants. The results showed that 96 per cent of the tenant houses were heated with stoves while but 70 per cent of the owners' houses were so heated; 69.5 per cent of the owners used kerosene for lighting as against 95 per cent for the tenants; 40.8 per cent of the owners reported had kitchen sinks while but 8.8 per cent of the tenant homes were so supplied; 61.9 per cent of the owners had privies more than 100 feet from the well while but 28.9 per cent of the tenants had the same condition; and 89 per cent of the owners had the well more than 100 feet from the barn while but 19 per cent of the tenants had the well thus protected.

⁴ *Breeders' Gazette*, July 22, 1915.

It is unnecessary to give further figures as to this condition. There is evidence on every hand that tenants are not as well provided for as owners. Moreover, there do not appear to be any factors in the situation which promise amelioration. The interest of both owner and tenant is to secure larger incomes from the farm and neither is interested in providing the best living conditions on the tenant-operated farm. Tenants take less care of the owner's house than they would if it were their own and owners are slow to make needed improvements for the sake of the tenant. We are still in the period of development of American agriculture when we are using much of the original equipment of American farms. If the primitive log house or the sod house has been displaced by the more pretentious dwelling, or if the old makeshift barn of pioneer days has been displaced by the red barn so characteristic of the corn belt, these displacements belong still to the period in which farmers were farm owners and home makers. The time is inevitably coming when present equipment will have passed its period of usefulness. Then the real significance of the transition from ownership to tenantry will become apparent. Either old tumble-down houses, the ghosts of a former prosperity, inhabited by a low-grade population willing to live in inferior quarters will survive, or a new type of houses, built for tenants, will appear. Farm owners are not even now providing for their tenants as they would for themselves. Even the United States government has given recognition to the fact that the tenant housing problem is different from the problem of housing owners, by the publication of plans for tenant houses. This public recognition of the existence of the landless type for whom special living quarters must be provided raises serious questions as to what public policy to tenantry should be. Is the effort to adapt ourselves to changes taking place justifiable or should we frankly recognize that the coming of the tenant house means ultimate social disintegration and the appearance in rural life of a population which will, regardless of what their native ability may be, occupy a permanently lower plane in economic life and be compelled by their circumstances to maintain a lower standard of living?

From the point of view of the sociologist, any policy of adaptation to pathological conditions is incorrect. To plan tenant houses is to perpetuate a fundamentally bad condition. The better policy would be to spend the energies of public agencies in removing the causes that have made the appearance of a tenant class

in America possible. Urban communities have long been conspicuous examples of the miserable quarters that have been provided for employees by certain manufacturing interests. Mining companies in many parts of the country have contributed their share of housing problems by the type of structure they have deemed good enough for the laboring man. To the present a high degree of contentment has existed in the open country so far as relation to property is concerned. But with the advent of distinct and conspicuous differences in housing conditions for the tenant and owner groups will come rural discontent and the foundation will be laid in the open country for the spread of those ideals as to property ownership which have characterized the laboring groups in the city; and we may witness a powerful stimulus to the movement for the nationalization of land.

It is impossible to present concrete evidence as to the effect of increase of tenantry upon the improvement of roads, drainage projects, community beautification, rural economic organization, or any of the other developments which go to make a community environment worth while. It is in accord with the evidence as to policies of improvement of tenanted farms to expect no great degree of enthusiasm on the part of an absentee landlord for the expenditure of money for community improvement.

The effect of tenantry upon education has been brought out in a number of studies. In a survey made in southwestern Ohio it was found that but 42.8 per cent of the tenants subscribed for farm papers while 57.9 per cent of the owners took agricultural journals. In a survey made in Missouri it was found that 10.4 per cent of the owners had a college education while but 5.1 per cent of the tenants had been so trained. The children of owners and tenants showed a much more marked discrepancy as to education than did the farmers themselves. Of owners' children 32.7 per cent had completed the district school while but 12.7 per cent of the tenants' children had done so.

These discrepancies in education are not to be taken as criticisms of the tenant group. They are the result of conditions over which the tenant has little control and which permanently handicap the children of the transient land operator. The social effects of lowered educational efficiency can only be measured in terms of the lowered effectiveness and standards of living of the tenant population.

Increase in tenantry makes more serious the problems of the

rural church. In southwestern Ohio it was found that, whereas 41 per cent of the farmers in a given community were tenants, but 22 per cent of the tenants interviewed were church members. The percentage of church membership for the entire adult rural population was about 39. Thus we have strong evidence that the tenant group is not being reached by the church and that the church is moving up and out of the country with the owner population. In the Missouri study noted above, the percentage of owners attending church services was 40.7 while the percentage of tenants attending services was but 29.6. Sunday-school attendance showed a similar discrepancy and of contributions to the support of the church the owners' share was \$11.62 per farm per year while that of the tenants was but \$4.47.

The relation of the tenant problem to social organization is no less marked. The transient tenant has less interest in community affairs and is not to be depended upon to assume leadership in farmers' organizations nor to become an active factor in stimulating community social life. This is true in part because of the antagonism in the country to the leadership of the newcomer, particularly if he is a tenant farmer. The feeling on the part of the tenant that he has no place in the real direction of community affairs lessens his interest in social life and increases whatever individualistic and anti-social tendencies he may have.

In the past fifteen or twenty years, the Central Valley has witnessed a marked rise in the number of family reunions held in rural districts. The renewed importance of the consciousness of family connections has a close relation to economic changes taking place. During a large part of the past century family connections had little to do with one's social standing, particularly in pioneer communities. People came from all parts of the country to settle the new land and personal worth went far toward determining the social position of those making up the aggregation. Family consciousness and material success go together. The family reunion has been the occasion of renewed social life, but it has represented a renewal that from the community point of view does not promise the largest group unity.

The growth of the coöperative movement among farmers in Europe has brought to America a realization of the large possibilities of development of a better agriculture and rural life here through more effective organization. Effective organization has been shown by experience to depend upon intelligence, homogeneity

of population, stability, intimate acquaintance, and community of social interests. Increase in tenantry destroys every one of these necessary bases of successful organization and unless some policy is adopted which will lead to permanency, homogeneity, and stability, the outlook for effective economic organization in America is not good.

The tenant consciousness is not yet marked in any part of the country. Newspaper accounts of organizations of farm tenants in Iowa and in some of the southern states have appeared. In the West the syndicalist movement has taken root among farm laborers, who according to conventional standards, occupy a still lower status than do the tenants. But beyond these sporadic evidences of class consciousness little is to be found except individual reactions as expressed from time to time in newspaper articles or in personal conference. As conditions become more acute the probabilities are that the common interests of both the tenant and the farm laborer groups will seek expression through organization.

The experience of the race appears to justify the private ownership of land by the operator thereof for the reason that such ownership tends to preserve and to improve the property held, and to insure its most efficient use for society. If the principle is accepted that private ownership of farm lands by the operator is desirable for the social good, then it follows that constructive measures should be taken by the state while the problem is not yet acute to prevent the rise of either a permanent tenant class or of a permanent proletariat in the country. Alleviative policies, such as planning tenant houses, or devising tenant contracts, cannot offer a permanent solution of the problem. The tendency toward tenantry can only be controlled by adequate legislation to correct the influences causing the tendency.

The passage of the recent rural credits law is a step in the right direction. But such a law, without accompanying legislation to prevent land speculation is likely to result in increase in land values, thus depriving the prospective purchaser of the intended benefits. The passage of a law providing for land appraisal boards empowered to determine the price at which land should be sold has been suggested. Such legislation has been utilized in foreign countries with success but it appears that the existence of such boards in America would be ineffective for the reason that, unless they had compulsory powers, the owner of the property could not be compelled to dispose of his property at any

price lower than the one fixed by himself. Land appraisal boards with compulsory powers would amount practically to land nationalization, a step which America is not yet ready to take.

The most hopeful solution appears to be the control of tenantry through the exercise of the taxing power. If the tax were so adjusted as to give a strong inducement to the prospective absentee landlord to dispose of his land to the prospective tenant, much of the speculative holding of land would be quickly eliminated and prices of land to prospective purchasers would much more nearly equal their productive value. The inducement to transfer investment from land to other forms of property would work no great hardship to the owner because under the rural credit law land mortgage bonds would be available as well as other types of securities the absentee ownership of which does not bring such serious difficulties in business management as does the absentee ownership of land.

It is not the purpose of the economist or the sociologist to injure anyone through recommending legislation that may unnecessarily interfere with individual interests. He believes in social adjustment that will yield the largest measure of the common good. If present tendencies may ultimately carry to the country some of the serious social and economic problems of the city, he is justified in advocating remedies which may appear radical but which in the long run offer promise of permanent contentment in rural life and which promise the perpetuation of those social and economic institutions which have been demonstrated by the experience of the race to be of the greatest social utility. It is in this spirit that attention is again called to one of the greatest problems awaiting solution in American life at the present. The control of the situation demands state action as well as individual education and those who make up the membership of such bodies as those gathered here can exert a powerful influence toward the wise solution of the problem.